

## INDEPENDENT AUDITORS' REPORT

To

**The Members of  
H.A. Share & Stock Brokers Limited**

**Report on the audit of the financial statements**

### Opinion

We have audited the accompanying financial statements of **H.A. Share & Stock Brokers Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and cash flows for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Since the other information has not been made available to us, we shall not be able to comment on this aspect.

### **Management's responsibility for the financial statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

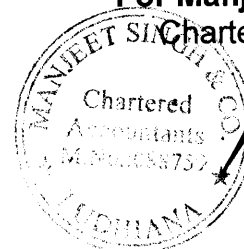
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - g) In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
    - (i) The Company does not have any pending litigations which would impact its financial position.
    - (ii) The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March, 2019 for which there were any material foreseeable losses; and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Manjeet Singh & Co.**



Chartered Accountants  
FRN 011831N

**Manjeet Singh**  
Prop.

(Membership No. 088759)

Ludhiana, 29<sup>th</sup> May, 2019

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) Fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were identified on such verification.  
  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventory, which are held in dematerialized/ physical form, has been verified at reasonable intervals by the management and no material discrepancies were identified on such verification.
3. The Company has granted loan to the party covered in the register maintained under section 189 of the Companies Act, 2013.
  - a) The terms and conditions of the grant of above said loan are not prejudicial to the company's interest;
  - b) In the case of the above said loan granted to the party covered in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and loans are repayable on demand. Accordingly, paragraph 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 read with section 186 and section 186 of the Act, with respect to loans and investments made.
5. The company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the record of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it were in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.  
  
b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, Goods and Service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
8. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to the debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

10. According to the information and explanations given to us, no material fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the company, the Company has not paid/provided for managerial remuneration.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us and based on our examination of the records of the company, the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. However as per Management the Principal Business of the company is not of NBFC and applicability of above said section is temporary.

Ludhiana, 29 May, 2019

**For Manjeet Singh & Co.**  
Chartered Accountants  
FRN 011831N



**Manjeet Singh**  
Prop.  
(Membership No. 088759)

## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **H.A. SHARE & STOCK BROKERS LIMITED** ('the Company') as of 31 March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Ludhiana, 29 May, 2019

For Manjeet Singh & Co.  
Chartered Accountants  
FRN 011831N



Manjeet Singh  
Prop.  
(Membership No. 088759)



# SHARE & STOCK BROKERS LIMITED

Balance Sheet as at 31st March, 2019

| Particulars  | Note | As at 31st March, 2019 | As at 31st March, 2018 |
|--|------|------------------------|------------------------|
|  |      | Rs.                    | Rs.                    |
| <b>EQUITY AND LIABILITIES</b>  |      |                        |                        |
| <b>Shareholders' funds</b>   |      |                        |                        |
| Share capital  | 1    | 2,447,000              | 2,447,000              |
| Reserves and surplus   | 2    | 23,023,291             | 20,660,486             |
|  |      | <b>25,470,291</b>      | <b>23,107,486</b>      |
| <b>Non-current liabilities</b>   |      |                        |                        |
| Deferred tax liabilities   | 3    | 766,755                | 859,147                |
| <b>Current liabilities</b>   |      |                        |                        |
| Short-term borrowings  | 4    | -                      | 14,568,647             |
| Trade Payable  | 5    | -                      | -                      |
| - Total outstanding dues of micro enterprises and small enterprises                      |      | 34,789                 | 41,606,396             |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |      |                        |                        |
| Other current liabilities  | 6    | 1,089,513              | 13,609,704             |
| Short-term provisions  | 7    | 644,712                | 244,214                |
|  |      | <b>1,769,014</b>       | <b>70,028,961</b>      |
| <b>TOTAL</b>   |      | <b>28,006,060</b>      | <b>93,995,594</b>      |
| <b>ASSETS</b>  |      |                        |                        |
| <b>Non-current assets</b>  |      |                        |                        |
| Fixed assets   | 8    | 6,123,796              | 6,782,827              |
| Long-term loans and advances   | 9    | 625,368                | 1,068,160              |
|  |      | <b>6,749,164</b>       | <b>7,850,987</b>       |
| <b>Current assets</b>  |      |                        |                        |
| Inventories  | 10   | 1,600,000              | 85,350,657             |
| Trade receivables  | 11   | 1,968                  | 1,564                  |
| Cash and cash equivalents  | 12   | 216,974                | 572,758                |
| Short-term loans and advances  | 13   | 19,437,954             | 219,628                |
|  |      | <b>21,256,896</b>      | <b>86,144,607</b>      |
| <b>TOTAL</b>   |      | <b>28,006,060</b>      | <b>93,995,594</b>      |
| <b>Significant Accounting Policies</b>   |      |                        |                        |
| The accompanying notes are an integral part of the financial statements                  |      |                        |                        |

As per our Report of even date

For Manjeet Singh & Co.  
Chartered Accountants  
FBN 01183/M  
Chartered Accountants  
M.No.:088759  
LUDHIANA  
Manjeet Singh  
Prop.  
Membership Number 088759

(Jashanjot Singh Arora)  
Director  
DIN-02378633

For and on behalf of the Board

(Harneesh Kaur Arora)  
Director  
DIN-00089451

Ludhiana, 29th May, 2019

# SHARE & STOCK BROKERS LIMITED

## Statement of Profit and Loss for the year ended 31st March, 2019

| Particulars   | Note | For the year ended<br>31st March, 2019 | For the year ended<br>31st March, 2018 |
|---|------|--|--|
|   |      | Rs.                                    | Rs.                                    |
| <b>INCOME</b>   |      |  |  |
| Revenue from operations   | 14   | 9,971,857                              | 74,185,747                             |
| Other income  | 15   | 4,127,326                              | 2,366,204                              |
| <b>Total Revenue</b>  |      | <b>14,099,183</b>                      | <b>76,551,951</b>                      |
| <b>Expenses</b>   |      |  |  |
| Employee benefits expense   | 16   | 4,946,350                              | 40,295,639                             |
| Finance costs   | 17   | 250                                    | 29,491,187                             |
| Depreciation  | 6    | 659,031                                | 671,585                                |
| Other expenses  | 18   | 5,464,659                              | 5,412,193                              |
| <b>Total Expenses</b>   |      | <b>11,070,290</b>                      | <b>75,870,604</b>                      |
| <b>Profit before tax</b>  |      | <b>3,028,893</b>                       | <b>681,347</b>                         |
| <b>Tax expense:</b>   |      |  |  |
| Current tax   |      | 750,000                                | 270,000                                |
| Deferred tax  |      | (92,392)                               | (304,873)                              |
| Current tax expense relating to prior years   |      | 8,480                                  | 11,000                                 |
| <b>Profit for the year</b>  |      | <b>2,362,805</b>                       | <b>705,220</b>                         |
| <b>Earnings per equity share of face value Rs. 100 each<br/>Basic and Diluted ( in Rs.)</b> |      | <b>96.56</b>                           | <b>28.82</b>                           |
| <b>Weighted average number of shares outstanding</b>  |      | <b>24,470</b>                          | <b>24,470</b>                          |
| <b>Significant Accounting Policies</b>  |      |  |  |
| The accompanying notes are an integral part of the financial statements                     |      |  |  |

As per our Report of even date

For Manjeet Singh & Co.  
Chartered Accountants  
FRN 01183/11  
Chartered  
Accountants  
M.No.:088759  
Manjeet Singh  
Prop.  
Membership Number 088759

Ludhiana, 29th May, 2019

For and on behalf of the Board

*Jashan Arora*  
(Jashanjot Singh Arora)  
Director  
DIN-02378633

*H. Arora*  
(Harneesh Kaur Arora)  
Director  
DIN-00089451

# A. SHARE & STOCK BROKERS LIMITED

Income Statement for the year ended 31st March, 2019

| Particulars  | For the year ended<br>31st March, 2019 |                  | For the year ended<br>31st March, 2018 |                |
|--|--|------------------|--|----------------|
|  | Rs.                                    | Rs.              | Rs.                                    | Rs.            |
| <b>A. Cash flow from operating activities</b>                          |  |                  |  |                |
| Net Profit before tax and extraordinary items                          |  | 3,028,893        |  | 681,347        |
| <u>Adjustments for:</u>  |  |                  |  |                |
| Depreciation and amortisation  | 659,031                                |                  | 671,585                                |                |
| Provision for Gratuity   | 60,625                                 |                  | 131,319                                |                |
|  |  | 719,656          |  | 802,904        |
| Operating profit before working capital changes                        |  | 3,748,549        |  | 1,484,251      |
| <u>Changes in working capital:</u>                                     |  |                  |  |                |
| <u>Adjustments for (increase) / decrease in operating assets:</u>      |  |                  |  |                |
| Inventories  | 83,750,657                             |                  | (83,750,657.00)                        |                |
| Trade receivables  | (404)                                  |                  | 313,436                                |                |
| Short-term loans and advances  | (19,218,326)                           |                  | 13,376,284                             |                |
| Long-term loans and advances   | 442,792                                |                  | 369,779                                |                |
| Other current assets   |  |                  |  |                |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u> |  |                  |  |                |
| Trade payables   | (41,571,607)                           |                  | 41,606,396                             |                |
| Other current liabilities  | (12,520,191)                           |                  | 12,578,464                             |                |
| Short-term borrowings  | (14,568,647)                           |                  | 14,568,647                             |                |
|  |  | (3,685,726)      |  | (937,651)      |
|  |  | 62,823           |  | 546,600        |
| Cash flow from extraordinary items                                     |  |                  |  |                |
| Cash generated from operations   |  | 62,823           |  | 546,600        |
| Net income tax (paid) / refunds  |  | (418,607)        |  | (281,000)      |
| <b>Net cash flow from / (used in) operating activities (A)</b>         |  | <b>(355,784)</b> |  | <b>265,600</b> |
| <b>B. Cash flow from investing activities</b>                          |  |                  |  |                |
| Purchase of fixed assets   |  | -                |  | -              |
| <b>Net cash flow from / (used in) investing activities (B)</b>         |  | <b>-</b>         |  | <b>-</b>       |
| <b>C. Cash flow from financing activities</b>                          |  |                  |  |                |
| Proceeds from issue of equity shares/ warrants                         |  | -                |  | -              |
| <b>Net cash flow from / (used in) financing activities (C)</b>         |  | <b>-</b>         |  | <b>-</b>       |
| <b>Net (decrease) in Cash and cash equivalents (A+B+C)</b>             |  | <b>(355,784)</b> |  | <b>265,600</b> |
| Cash and cash equivalents at the beginning of the year                 |  | 572,758          |  | 307,158        |
| Cash and cash equivalents at the end of the year                       |  | 216,974          |  | 572,758        |

As per our Report of even date

For Manjeet Singh & Co.

Chartered Accountants  
Firm Registration Number 011831N

Manjeet Singh  
Prop.  
Membership Number 088759

Ludhiana, 29th May, 2019

For and on behalf of the Board

Jashan Arora  
(Jashanjyot Singh Arora)  
Director  
DIN-02378633

H. Arora  
(Harneesh Kaur Arora)  
Director  
DIN-00089451

## **SIGNIFICANT ACCOUNTING POLICIES**

### **A. Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014.

### **B. Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

### **C. Fixed Assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

### **D. Depreciation and Amortization**

Depreciation on fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

### **E. Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

### **F. Investments**

Current investments are carried at lower of cost and fair value. Long Term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

### **G. Inventories**

Inventories are valued at the lower of cost and the net realizable value.

#### **H. Revenue Recognition**

The Company follows the mercantile system of accounting and recognized Profit & Loss on that basis.

#### **I. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### **J. Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### **K. Provisions and contingencies**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements, A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

## es forming part of the financial statements

### 1 Share capital

| Particulars  | For the year ended<br>31st March, 2019 |           | For the year ended<br>31st March, 2018 |           |
|--|--|-----------|--|-----------|
|  | Number of shares                       | Amount    | Number of shares                       | Amount    |
| Authorised<br>Equity shares of Rs.100 each                   | 25,000                                 | 2,500,000 | 25,000                                 | 2,500,000 |
| Issued<br>Equity shares of Rs.100 each                       | 24,470                                 | 2,447,000 | 24,470                                 | 2,447,000 |
| Subscribed and fully paid up<br>Equity shares of Rs.100 each | 24,470                                 | 2,447,000 | 24,470                                 | 2,447,000 |

1.1 The Company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share.

1.2 The details of shareholders holding more than 5% shares:

| Name of the shareholder | As at 31st March, 2019 |              | As at 31st March, 2018 |              |
|-------------------------|------------------------|--------------|------------------------|--------------|
|                         | Number of shares held  | % of holding | Number of shares held  | % of holding |
| Master Trust Ltd        | 12,500                 | 51           | 12,500                 | 51           |
| Jashanjyot Singh        | 5,820                  | 24           | 5,820                  | 24           |
| Harjeet Singh Arora     | 3,010                  | 12           | 3,010                  | 12           |
| Harneesh Kaur Arora     | 3,000                  | 12           | 3,000                  | 12           |

1.3 The reconciliation of the number of shares and amount outstanding is set out below :

| Particulars                                | As at 31st March,<br>2019<br>Number of shares | As at 31st March,<br>2018<br>Number of shares |
|--|---|---|
| Equity Shares at the beginning of the year | 36,970  | 36,970  |
| Add: Equity shares issued                  | 36,970  | 36,970  |
| Equity Shares at the end of the year       |   |   |

### Note 2 Reserves and surplus

| Particulars                       | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|-----------------------------------|----------------------------------|----------------------------------|
| <b>Securities Premium Account</b> |                                  |                                  |
| As per last Balance Sheet         | 14,945,000                       | 14,945,000                       |
| Add Issued during the year        | -                                | -                                |
| Closing balance                   | 14,945,000                       | 14,945,000                       |
| <b>Profit and Loss Account</b>    |                                  |                                  |
| As per last Balance Sheet         | 5,715,486                        | 5,010,266                        |
| Add: Profit for the year          | 2,362,805                        | 705,220                          |
| Closing balance                   | 8,078,291                        | 5,715,486                        |
| <b>Total</b>                      | <b>23,023,291</b>                | <b>20,660,486</b>                |

**Deferred Tax Liability**

| Particulars                                       | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|---|----------------------------------|----------------------------------|
| Deferred Tax Liability<br>Related to fixed assets | 846,013                          | 922,032                          |
| Deferred Tax Asset<br>On account of Gratuity      | 79,258                           | 62,885                           |
| <b>Net</b>  | <b>766,755.00</b>                | <b>859,147.00</b>                |

**Note 4 Short-term borrowings**

| Particulars   | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|---|----------------------------------|----------------------------------|
| Loans and advances from related parties - Unsecured | -                                | 14,568,647                       |
| <b>Total</b>  | <b>-</b>                         | <b>14,568,647</b>                |

**Note 5 Trade payables**

| Particulars  | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|--|----------------------------------|----------------------------------|
| Trade payables<br>– Total outstanding dues of micro enterprises and small enterprises    | -                                | -                                |
| – Total outstanding dues of creditors other than micro enterprises and small enterprises | 34,789                           | 41,606,396                       |
| <b>Total</b>   | <b>34,789</b>                    | <b>41,606,396.00</b>             |

**Note 6 Other current liabilities**

| Particulars         | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|---------------------|----------------------------------|----------------------------------|
| Statutory Dues      | 46,295                           | 3,333,721                        |
| Other payables      | 596,082                          | 8,793,842                        |
| Cheque Issued (Net) | 447,136                          | 1,482,141                        |
| <b>Total</b>        | <b>1,089,513</b>                 | <b>13,609,704</b>                |

**Note 7 Short-term provisions**

| Particulars            | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|------------------------|----------------------------------|----------------------------------|
| Provision for gratuity | 304,839                          | 244,214                          |
| Provision for tax      | 339,873                          | -                                |
| <b>Total</b>           | <b>644,712</b>                   | <b>244,214</b>                   |

Fixed assets

|                      | Gross block                   |           |                     |                                | Accumulated depreciation      |                                   |                                  |                                | Net block                      |                                |
|----------------------|-------------------------------|-----------|---------------------|--------------------------------|-------------------------------|-----------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                      | Balance as at 1st April, 2018 | Additions | Disposals/ Transfer | Balance as at 31st March, 2019 | Balance as at 1st April, 2018 | Depreciation expense for the year | Eliminated on disposal of assets | Balance as at 31st March, 2019 | Balance as at 31st March, 2019 | Balance as at 31st March, 2018 |
|                      | Rs.                           | Rs.       | Rs.                 | Rs.                            | Rs.                           | Rs.                               | Rs.                              | Rs.                            | Rs.                            | Rs.                            |
| Office Building      | 7,203,740                     | -         | -                   | 7,203,740                      | 1,095,522                     | 124,658                           | -                                | 1,220,180                      | 5,983,560                      | 6,108,218                      |
| Furniture & Fixtures | 1,803,086                     | -         | -                   | 1,803,086                      | 1,496,275                     | 241,009                           | -                                | 1,737,284                      | 65,802                         | 306,811                        |
| Computer Software    | 2,626,924                     | -         | -                   | 2,626,924                      | 2,626,924                     | -                                 | -                                | 2,626,924                      | -                              | -                              |
| Electric Fittings    | 1,214,755                     | -         | -                   | 1,214,755                      | 1,040,307                     | 174,448                           | -                                | 1,214,755                      | -                              | 174,448                        |
| Office equipment     | 617,768                       | -         | -                   | 617,768                        | 461,352                       | 93,575                            | -                                | 554,927                        | 62,841                         | 156,416                        |
| Air Conditioner      | 173,792                       | -         | -                   | 173,792                        | 136,858                       | 25,341                            | -                                | 162,199                        | 11,593                         | 36,934                         |
| <b>Total</b>         | <b>13,640,065</b>             | <b>-</b>  | <b>-</b>            | <b>13,640,065</b>              | <b>6,857,238</b>              | <b>659,031</b>                    | <b>-</b>                         | <b>7,516,269</b>               | <b>6,123,796</b>               | <b>6,782,827</b>               |
| Previous year        | 13,640,065                    | -         | -                   | 13,640,065                     | 6,185,653                     | 671,585                           | -                                | 6,857,238                      | 6,782,827                      |                                |



**Long-term loans and advances**

| Particulars                                   | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|---|----------------------------------|----------------------------------|
| Security Deposit<br>Unsecured, consider goods | 367,384.00                       | 367,384.00                       |
| Advance income tax                            | 257,984                          | 700,776                          |
| <b>Total</b>                                  | <b>625,368</b>                   | <b>1,068,160</b>                 |

**Note 10 Inventories**

| Particulars   | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|---|----------------------------------|----------------------------------|
| Stock-in-trade (acquired for trading)<br>Securities | 1,600,000                        | 85,350,657                       |
| <b>Total</b>  | <b>1,600,000</b>                 | <b>85,350,657</b>                |

**Note 11 Trade receivables**

| Particulars  | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|--|----------------------------------|----------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good | -                                | -                                |
| Trade receivables outstanding for a period less than six months from the date they were due for payment                            | 1,968                            | 1,564                            |
| <b>Total</b>   | <b>1,968</b>                     | <b>1,564</b>                     |

**Note 12 Cash and cash equivalents**

| Particulars                                | As at 31st March,<br>2019<br>Rs. | As at 31st March,<br>2018<br>Rs. |
|--|----------------------------------|----------------------------------|
| Cash on hand                               | 56,864                           | 75,379                           |
| Balances with banks<br>In current accounts | 160,110                          | 497,379                          |
| <b>Total</b>                               | <b>216,974</b>                   | <b>572,758</b>                   |

**3 Short-term loans and advances**

| Particulars   | As at 31st March, 2019<br>Rs. | As at 31st March, 2018<br>Rs. |
|---|-------------------------------|-------------------------------|
| Loans and advances to related parties<br>Unsecured, considered good | 18,996,054                    | -                             |
| Prepaid expenses - Unsecured, considered good                       | 67,721                        | 66,421                        |
| Other Receivable<br>Unsecured, considered good                      | 374,179                       | 153,207                       |
| <b>Total</b>  | <b>19,437,954</b>             | <b>219,628</b>                |

**Note 14 Revenue from operations**

| Particulars                | For the year ended<br>31st March, 2019<br>Rs. | For the year ended<br>31st March, 2018<br>Rs. |
|----------------------------|---|---|
| Professional Income        | -   | 2,500,000                                     |
| Securities Trading Account | 9,378,433                                     | 71,630,336                                    |
| Dividend Income            | 593,424                                       | 55,411  |
| <b>Total</b>               | <b>9,971,857</b>                              | <b>74,185,747</b>                             |

**Note 15 Other income**

| Particulars     | For the year ended<br>31st March, 2019<br>Rs. | For the year ended<br>31st March, 2018<br>Rs. |
|-----------------|---|---|
| Rent Income     | 2,301,600                                     | 2,301,600                                     |
| Interest Income | 1,825,726                                     | 64,604  |
| <b>Total</b>    | <b>4,127,326</b>                              | <b>2,366,204</b>                              |

**Note 16 Employee benefits expense**

| Particulars                    | For the year ended<br>31st March, 2019<br>Rs. | For the year ended<br>31st March, 2018<br>Rs. |
|--------------------------------|---|---|
| Salaries and wages             | 4,394,242                                     | 39,887,746                                    |
| Contribution to Provident Fund | 236,198                                       | 123,272                                       |
| Staff welfare expenses         | 315,910                                       | 284,621                                       |
| <b>Total</b>                   | <b>4,946,350</b>                              | <b>40,295,639</b>                             |

\* Includes Gratuity amounting to Rs.81,883/- (Year ended March 31st, 2018 :Rs.1,31,319/-)

17 Finance costs

| Particulars       | For the year ended<br>31st March, 2019<br>Rs. | For the year ended<br>31st March, 2018<br>Rs. |
|-------------------|---|---|
| Interest expenses | -   | 29,490,892                                    |
| Bank Charges      | 250   | 295   |
| <b>Total</b>      | <b>250</b>                                    | <b>29,491,187</b>                             |

Note 18 Other expenses

| Particulars                              | For the year ended<br>31st March, 2019<br>Rs. | For the year ended<br>31st March, 2018<br>Rs. |
|--|---|---|
| Payments to auditors                     |   |   |
| As auditors - statutory audit            | 40,000  | 40,000  |
| For taxation matters                     | 10,000  | 10,000  |
| Printing and Stationery                  | 316223.43                                     | 241,584                                       |
| Postage, Telegram and Telephone Expenses | 116979.66                                     | 114,842                                       |
| Insurance                                | 10,731  | 5,608   |
| Travelling & Conveyance                  | 294,097                                       | 86,055  |
| General Expenses                         | 15,071  | 30,180  |
| Office Maintenance                       | 1821446.00                                    | 1,765,601                                     |
| Subscription Charges                     | 118,233                                       | 119,162                                       |
| Diwali Exp.                              | 7,500   | 6,300   |
| Internet Expenses                        | 220,000                                       | 203,424                                       |
| Generator Expenses                       | 383748.00                                     | 200,611                                       |
| Water & Electricity                      | 2110629.66                                    | 2,588,826                                     |
| <b>Total</b>                             | <b>5,464,659</b>                              | <b>5,412,193</b>                              |

## Notes forming parts of financial statements

19. No contingent liability exists at the end of the Financial Year.
20. In the opinion of the Board, all the Current Assets, Loans & Advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.

### 21. Related Party Disclosures

As required by AS-18, Related Party Disclosures, are given below:

| <b>Holding/Fellow Subsidiaries</b>                     | <b>Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives</b> | <b>Key Management Personnel and their Relatives</b> |
|--|--|---|
| Master Trust Limited                                   | Prime Industries Limited   | Mr. Harjeet Singh Arora                             |
| Master Capital Services Limited                        | Master Share & Stock Brokers Limited   | Mr. R K Singhania                                   |
| Master Infrastructure & Real Estate Developers Limited | H.K Arora Real Estate Service Limited  | Mrs. Harneesh Kaur Arora                            |
| Master Insurance Brokers Limited                       | Big Build Real Estate Private Limited  | Mrs. Parveen Singhania                              |
| Master Commodity Services Limited                      | Amni Real Estate Private Limited   | Mr. Puneet Singhania                                |
| Master Portfolio Services Limited                      | Matria Estate Developers Private Limited   | Mr. Chirag Singhania                                |
|  | Gold Touch Agri Private Limited  | Mrs. Palka A Chopra                                 |
|  | Master Trust Wealth Private Limited  | Mr. Jashanjyot Singh Arora                          |
|  | Sanawar Investments  | Mrs. Priyanka Thukral                               |
|  | Saint co India Private Limited   | Mrs. Rohila Singhania                               |
|  | Singhania Properties   | Mrs. Isha Singhania                                 |
|  | Prime Agro Farms Private Limited   |   |
|  | Eminent Buildwell Private Limited  |   |
|  | Master Projects Private Limited  |   |
|  | Sanawar Agri Private Limited   |   |
|  | Arora Financial Services Limited   |   |
|  | Bluecircle Investments   |   |
|  | Crescent Investments   |   |
|  | Partnership Firms  |   |

### Transactions with related parties

|                                       | Holding/ Fellow Subsidiaries | Associates/Enterprises owned or significantly influenced by the key Management Persons or their Relatives | Key Management Personnel and their Relatives | Rupees Total          |
|---------------------------------------|------------------------------|---|--|-----------------------|
| Professional Income                   | ----<br>(2500000)            | ---<br>(---)  | ---<br>(---)                                 | ----<br>(2500000)     |
| Rent Received                         | 2301600<br>(2301600)         | ---<br>(---)  | ---<br>(---)                                 | 2301600<br>(2301600)  |
| Interest Received                     | 1799668<br>(---)             | ---<br>(---)  | ---<br>(---)                                 | 1799418<br>(---)      |
| Brokerage Paid                        | 1207517<br>(24268971)        | ---<br>(---)  | ---<br>(---)                                 | 1207517<br>(24268971) |
| Interest Paid                         | -----<br>(29484316)          | ---<br>(---)  | ---<br>(---)                                 | -----<br>(29484316)   |
| Remuneration                          | ---<br>(---)                 | ---<br>(---)  | 375000<br>(375000)                           | 375000<br>(375000)    |
| Balance Payable<br>Loan & Advances    | -----<br>(14568647)          | ---<br>(---)  | ---<br>(---)                                 | -----<br>(14568647)   |
| Balance Receivable<br>Loan & Advances | 18996054<br>(-----)          | ---<br>(---)  | ---<br>(---)                                 | 18996054<br>(-----)   |
| Sundry Debtors                        | ---<br>(1564)                | ---<br>(---)  | ---<br>(---)                                 | ---<br>(1564)         |
| Sundry Creditor                       | 6966<br>(41594260)           | ---<br>(---)  | ---<br>(---)                                 | 6966<br>(41594260)    |

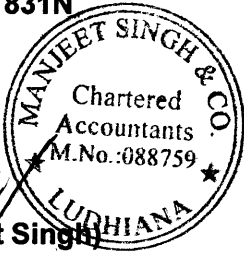
22. Security Trading Account includes profit in cash segment, future option segment of equity and commodity. Sales and purchase amount include value of MTM(Net) of Transaction in derivative segment(if any).

23. Disclosures relating to amount unpaid at the year end and together with Interest required under Micro, Small and Medium Enterprise Development Act 2006 have been given to the extent company has received the information from supplier's regarding the status under such Act.

24. The company is engaged in trading of securities and there are no separate reportable segments as per Accounting standard -17 on "Segment reporting".
25. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

**For Manjeet Singh & Co.  
Chartered Accountants  
FRN 011831N**



**(Manjeet Singh)  
Prop.  
Membership No. 088759**

**Place: Ludhiana  
Dated: 29.05.2019**

**For & on behalf of the Board**

*Jashan Arora*  
**(Jashanjyot Singh Arora)  
Director  
DIN-02378633**

*H. Arora*  
**(Harneesh Kaur Arora)  
Director  
DIN-00089451**